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C O N F I D E N T I A L SECTION 01 OF 03 SOFIA 000256

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TAGS: [PGOV](#) [PREL](#) [BU](#)
SUBJECT: BULGARIA CABINET CHANGES: A MIXED BAG

REF: A. SOFIA 0229
[1](#)B. SOFIA 0254

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Classified By: Political Counselor Jim Bigus for reasons 1.5 (b) and (d).

[1](#)1. (C) Summary: PM Stanishev on April 22 replaced the Interior, Defense, Health, and Agriculture ministers and created a new Deputy Prime Minister position to manage EU funding. Stanishev's move is a cautious, incremental step, constrained by the need to maintain balance in the ruling coalition. He had long wanted to rid the cabinet of incompetent ministers, but was also pressed by ex-PM King Simeon to remove competent ministers from the King's party who dared to oppose him. Stanishev also had to show the EU Bulgaria is serious about reform. The recent MOI scandal that led to the removal of Minister Petkov gave him an opportunity to make positive changes while making concessions to satisfy the partners. Stanishev's choices for Interior and Health ministers bode well for reform. The disreputable new Defense Minister, chosen by the King according to coalition agreement, shows narrow focus on personal interests and loyalties, and the MRF choice for Agriculture was made for political optics more than qualification. The new Deputy PM appears to be a good choice but the position's powers and resources are still undefined. Overall, the changes will help the coalition survive until the end of its term, but it is doubtful they will boost public confidence and satisfy the EU. Bio clips of the new ministers are attached below. End summary.

Opportunity and Pressure

[1](#)2. (C) This is the coalition's second reshuffle since taking office in 2005. In 2007, the PM removed the Socialist Minister of Economy and Energy, who was also involved in a high profile corruption scandal. Stanishev had long wanted to replace a number of unpopular or weak ministers to improve the government's image and chances in the 2009 elections but was waiting for the right time and optics. He had a longer list than those who were removed, including more BSP ministers, but kept the numbers down for the appearance of proportionality, important to many in the BSP who objected to their party turning over more ministers than the junior coalition partners. The Petkov scandal gave Stanishev the opportunity to get rid of Petkov (ref A), appease the King's desire to dump his NMSS Defense Minister Bliznakov, remove the unpopular Socialist Health Minister and MRF Agriculture Minister, and create a new Deputy Minister position to show Brussels he is dealing with the EU funds scandals and is serious about tackling government corruption. EU monitors will come to Bulgaria in late May to prepare a report scheduled for release in June on Bulgaria's performance. The

EU has already threatened to impose sanctions, including invoking the safeguard clause, which many here believe could bring the government down. (Though few predict that the EU will fully take the most drastic measures at its disposal.)

Progress

13. (C) Stanishev wanted to go as far as he could without destabilizing his own party and the coalition. Finding a replacement for Interior Minister was the most difficult. According to sources close to the BSP, Stanishev's initial choices of technocrats turned down the offer, not wanting to be in the "hot seat." He successfully resisted President Parvanov's offer of his chief of staff. He settled on BSP parliamentary group leader Mihail Mikov, a consensus figure who is closest to Stanishev but also on good terms with Parvanov and the various BSP factions. A good contact of the embassy who worked well with us on DANS legislation, he has a clean record and positive public image. Stanishev expects this choice to send the right message to Brussels about cleaning up the Ministry. At the same time, some local analysts consider Mikov to be a too mild personality to shake up the hardliners at the ministry. He will need a lot of backup from the PM. A critical next step will be the key position of new chief of staff for the ministry. In a much easier choice, Stanishev replaced unpopular Health Minister Gaydarski with Evgeni Zhelev, a respected doctor and former Socialist mayor of Stara Zagora. A good embassy contact. Zhelev is energetic, thoughtful and sensible and made Stara Zagora a well-run city adopting many USAID-modeled civic reforms.

14. (C) The new Deputy Minister for EU funding, Meglena Plugchieva, is another consensus choice. A Socialist and current Ambassador to Germany, Plugchieva is considered a competent technocrat. A deputy minister during the NMSS

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administration, she is close to Parvanov and has worked closely with MRF. She faces a formidable task, with as yet no organizational structure, personnel or funding; the initial reaction by EU embassies was that this is more show than substance, adding to their skepticism (even cynicism) about Bulgaria's performance.

Compromises

15. (C) According to the deal, the junior coalition partners could change ministers in one of "their" ministries. When asked why the disreputable Nikolai Tsonev, a party hack and former MOD procurement director widely known for corruption, was chosen to be Defense Minister, a Stanishev advisor told us, "It was theirs (NMSS) to choose." Accepting Tsonev contained the King's desire for revenge against other competent NMSS ministers whom he considered disloyal rebels. It is nonetheless a lost opportunity to improve the ministry.

As MOD comes under the direction of Deputy PM and FM Kalfin, we will continue to work productively on our bilateral military issues. The predominantly Turkish MRF holds the Agriculture Ministry. Valeri Tsvetanov, an ethnic Bulgarian MRF member, is a shrewd choice but he is an academic with no previous senior level political or management experience.

EU Relations

16. (C) The cabinet changes maintain the balance within the BSP and Coalition, improving Stanishev's chances of fulfilling his goal to be the first Socialist PM to survive a full term in office. But he will have to do more to impress the EU. The visiting EC Monitoring Team told us on April 17 (ref B) that Brussels is increasingly frustrated with Bulgaria's performance on rule of law and corruption and is increasingly willing to take a hard line with Sofia,

including sanctions. Stanishhev reportedly told his close associates after the BSP plenum on April 22 that the top short term goal now is to avoid imposition of the safeguard clause, which could bring down the government.

COMMENT

17. (C) The changes are a definite mixed bag -- a measured incremental step in the right direction that is a win for Stanishhev over the hardliners in his own party, but hardly enough to make a dent in confidence levels. Several bits of good news: Mikov is a definite plus at Interior; competent NMSS ministers stay in place; Plugchieva will add discipline and EU-savvy to dealing with Brussels; Zhelev will help the BSP with the electorate. And some big minuses: Tsonev is a wasted choice; we'll still rely on key MOD deputies, FM Kalfin and the PM's and President's advisors to move the ball on key defense/security issues and get done what we need to get done. The biggest opportunity cost: the shake-up is not nearly enough to impress the public or Bulgaria's international partners that it is turning the corner on sound governance and corruption issues.

BIO CLIPS

18. (C) Mihail Mikov, 47, a senior Socialist and third-time MP, currently chairs the BSP parliamentary group and sits on the Parliament's Legal Committee and European Affairs Committee. A lawyer by training, Mikov played a constructive role in the adoption of progressive legislation such as the 2007 amendments to the Constitution, legislation on DANS and the politically sensitive law on the disclosure of communist-era State Security files. Mikov is largely perceived as a consensus figure; he is close to PM Stanishhev and also enjoys good ties with President Parvanov and works well with the main lobbies within the BSP. Mikov enjoys a positive public image and, unlike his predecessor, has never been involved in any corruption scandal. A good contact of the Mission, he visited the U.S. on a two-week IVP in 2001.

Meglana Plugchieva, 52, who currently serves as Bulgaria's Ambassador to Germany, is a respected Socialist largely perceived as a technocrat rather than a political figure. Before assuming her diplomatic post in late 2004, Plugchieva, who has a PhD in agricultural studies, served as Deputy Minister of Agriculture responsible for European integration in Simeon Saxe-Coburg's government (2001-2004). Plugchieva, a renowned expert in the area of agriculture and ecological studies, has specialized in Germany and has over 20 publications on ecology, agriculture and forestry. She headed the Agriculture Ministry's Foreign Relations Directorate (1990-1995) and in 1995-2001 served as a

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Socialist MP and member of the foreign policy, agriculture and ecology committees in parliament. Plugchieva enjoys good ties with President Parvanov to whom she owes her appointment as Ambassador.

Nikolai Tsonev, whose name is little known to the public, is Simeon's surprise choice of a new Defense Minister. Since 2002, Tsonev has served as executive director of MOD's executive agency on social care. Before that, he served for a year as an advisor to former Defense Minister Nikolay Svinarov. Tsonev graduated from the Military Academy in Kiev and has a degree in philosophy from Sofia University St. Kliment Ohridski. According to local press reports, Tsonev is a shareholder in the companies Bulpaper, Nilana and Pakpaper, some of which are supposedly MOD suppliers and contractors, which has created a perception of conflict of interest.

Evgeni Zhelev, a Socialist, served two terms as Mayor of Stara Zagora until his surprise loss to the center-right

candidate in the last year's local election. A medical doctor by training, Zhelev has previously headed the city hospital in Stara Zagora. Zhelev is close to President Parvanov and was appointed as his advisor following the loss in the local election.

Valeri Tsvetanov, born in 1951, has a doctorate in agricultural sciences, currently a senior fellow at the Institute of Soil Science and Agricultural Ecology. He is tainted by accusations of conflict of interest.

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